

Russia under Putin: foreign economic relations policy up for re-shaping?

Meier, Christian

Veröffentlichungsversion / Published Version
Forschungsbericht / research report

Empfohlene Zitierung / Suggested Citation:

Meier, C. (2000). *Russia under Putin: foreign economic relations policy up for re-shaping?* (Berichte / BIOst, 28-2000). Köln: Bundesinstitut für ostwissenschaftliche und internationale Studien. <https://nbn-resolving.org/urn:nbn:de:0168-ssoar-41681>

Nutzungsbedingungen:

Dieser Text wird unter einer Deposit-Lizenz (Keine Weiterverbreitung - keine Bearbeitung) zur Verfügung gestellt. Gewährt wird ein nicht exklusives, nicht übertragbares, persönliches und beschränktes Recht auf Nutzung dieses Dokuments. Dieses Dokument ist ausschließlich für den persönlichen, nicht-kommerziellen Gebrauch bestimmt. Auf sämtlichen Kopien dieses Dokuments müssen alle Urheberrechtshinweise und sonstigen Hinweise auf gesetzlichen Schutz beibehalten werden. Sie dürfen dieses Dokument nicht in irgendeiner Weise abändern, noch dürfen Sie dieses Dokument für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, aufführen, vertreiben oder anderweitig nutzen.

Mit der Verwendung dieses Dokuments erkennen Sie die Nutzungsbedingungen an.

Terms of use:

This document is made available under Deposit Licence (No Redistribution - no modifications). We grant a non-exclusive, non-transferable, individual and limited right to using this document. This document is solely intended for your personal, non-commercial use. All of the copies of this documents must retain all copyright information and other information regarding legal protection. You are not allowed to alter this document in any way, to copy it for public or commercial purposes, to exhibit the document in public, to perform, distribute or otherwise use the document in public.

By using this particular document, you accept the above-stated conditions of use.

Die Meinungen, die in den vom BUNDESINSTITUT FÜR OSTWISSENSCHAFTLICHE UND INTERNATIONALE STUDIEN herausgegebenen Veröffentlichungen geäußert werden, geben ausschließlich die Auffassung der Autoren wieder.

© 2000 by Bundesinstitut für ostwissenschaftliche und internationale Studien, Köln

Abdruck und sonstige publizistische Nutzung – auch auszugsweise – nur mit vorheriger Zustimmung des Bundesinstituts sowie mit Angabe des Verfassers und der Quelle gestattet.

Bundesinstitut für ostwissenschaftliche und internationale Studien, Lindenbornstr. 22, D-50823 Köln,
Telefon 0221/5747-0, Telefax 0221/5747-110; Internet-Adresse: <http://www.biost.de>
E-mail: administration@biost.de

ISSN 0435-7183

Inhalt

	Seite
Kurzfassung.....	3
1. Introductory Observations	7
1.1 <i>Gaining access to international capital and to the capital markets</i>	7
1.1 <i>New agreements with the Club of London and the Club of Paris</i>	8
1.2 <i>Incentives for more direct foreign investment and less capital exodus</i>	9
1.3 <i>Financial assistance from the IMF, World Bank and EBRD</i>	11
2. Expansion of trade and co-operation relations with important partner groups	12
2.1 <i>EU and specifically Germany</i>	12
2.2 <i>The CIS</i>	13
2.3 <i>Eastern Europe</i>	14
3. Reinforced efforts towards institutional integration into the global economy	15
3.1 <i>WTO</i>	15
3.2 <i>OECD</i>	16
3.3 <i>G7/G8</i>	17
4. Prospects	18
Summary	19

24. Oktober 2000

Christian Meier

**Rußland unter Putin:
Außenwirtschaftspolitik vor einer neuen Umgestaltung?**

Bericht des BIOst Nr. 28/2000

Kurzfassung

Vorbemerkung

Die offiziellen programmatischen Äußerungen und der bisherige Kurs der Putin-Administration machen deutlich, daß es das Ziel der Außenwirtschaftspolitik ist, Rußland nach der Finanz- und Wirtschaftskrise von 1998 wieder zu einem verlässlichen und berechenbaren Partner in den internationalen Wirtschaftsbeziehungen zu machen. Bei den entsprechenden Bemühungen stehen drei Aufgaben im Vordergrund. Erstens sollen die notwendigen Voraussetzungen für einen breiten Zugang zu den gegenwärtig versperrten internationalen Kapitalmärkten geschaffen werden. Zweitens geht es darum, die seither rückläufigen Handels- und Kooperationsbeziehungen mit den wichtigsten Außenwirtschaftspartnern bzw. -partnergruppen wieder zu reaktivieren und, wo möglich, weiter auszubauen. Drittens ist man in Moskau bestrebt, die gegenwärtig stagnierende Einbindung Rußlands in leitende Institutionen der Weltwirtschaft zu forcieren. In der vorliegenden Studie untersucht der Verfasser die Implementierung dieser Aufgaben und zeigt die dabei erkennbaren sachlichen Probleme und konzeptionellen Schwierigkeiten auf, die die russische Administration zu überwinden hat, um das Land zu einem strategischen Partner in den internationalen Wirtschaftsbeziehungen werden zu lassen.

Ergebnisse

1. Was die Öffnung des Zugangs zu internationalem Kapital und zu den Kapitalmärkten anbelangt, so ist das Hauptaugenmerk der russischen Regierung darauf gerichtet, durch differenzierte Regelungen mit den privaten und öffentlichen Gläubigern im Westen die Bedienung der staatlichen Auslandsverschuldung auf eine neue tragfähige Grundlage zu stellen und nach Möglichkeit auch eine Reduzierung der hohen Schuldenlast zu erreichen. Ende Juli 1999 wurde eine erste Übereinkunft mit den öffentlichen Gläubigern des Pariser Clubs getroffen. Danach sollten in einem Gesamtvolumen von 8,2 Mrd. USD Fälligkeiten für sowjetische Altschulden in den Jahren 1999 und 2000 auf 20 Jahre bei fünf Freijahren gestreckt werden. Obwohl sich die externen Rahmenbedingungen der russischen Wirtschaft seit Herbst 1999 fortlaufend verbesserten und somit der finanzielle Handlungsspielraum größer wurde, gelang es der russischen Regierung, mit den privaten Kreditoren des Londoner Clubs in der ersten Februarhälfte 2000 erstmals einen Erlaß von

36,5% (10,6 Mrd. USD) der Altschulden in Höhe von rund 32 Mrd. USD und die Umstrukturierung der Restschulden in Eurobonds zu vereinbaren. Im Spätherbst dieses Jahres sind neue Verhandlungsrunden mit dem Pariser Club anhängig, weil die Übereinkunft von 1999 zum Jahresende ausläuft. Dabei spekuliert die russische Regierung darauf, daß die Neuregelung der Bedienung der Gesamtschulden in Höhe von rd. 42 Mrd. USD wie zuvor bei der Vereinbarung mit dem Londoner Club auch mit einem Teilerlaß verbunden wird. Dazu sieht die deutsche Bundesregierung insbesondere nach der politischen Rückendeckung durch die Beschlüsse des jüngsten Weltwirtschaftsgipfels von Okinawa keinerlei Veranlassung.

2. Im Rahmen ihres neuen Wirtschaftsprogramms möchte die russische Regierung ihre Bemühungen um die Schaffung eines günstigen Investitionsklimas forcieren, um den Zustrom gerade auch von ausländischem Kapital zu erhöhen. Ein wichtiger erster Schritt in diese Richtung ist der im Juli 2000 beschlossene neue Steuerkodex, der den ausländischen Investoren mehr Planungssicherheit geben soll. Zusätzlich zu liberalen Steuergesetzen werden weitere administrative und legislative Maßnahmen ins Auge gefaßt. Eine Schlüsselrolle wird die Sanierung des maroden Bankensektors spielen. Schließlich ist von der russischen Regierung geplant, die Production-Sharing-Gesetzgebung zu überarbeiten, die alle Fragen einer Gründung von Joint-ventures zwischen ausländischen Unternehmen und russischen Staatsbetrieben in dem bislang nur partiell geöffneten Erdöl- und Erdgasbereich regelt. Aufgrund dieser Konstellation erwartet die Putin-Administration, daß sich der seit der Mitte der 90er Jahre steigende Trend zu unbegrenzter, illegaler Kapitalausfuhr nicht weiter fortsetzen, sondern wieder deutlich zurückgehen wird.
3. Seit der Augustkrise von 1998 waren für die russische Regierung neue Finanzhilfen nur noch über die Schiene internationaler Organisationen zu erhalten. Nach der Auszahlung der ersten Tranche (640 Mio. USD) eines IMF-Kredits in Höhe von 4,5 Mrd. USD wurde dieser wegen Streitigkeiten über die Implementierung der Kreditbedingungen auf Eis gelegt. Seither haben sich die Beziehungen der russischen Regierung zum IMF weitgehend auf die Einhaltung der Zahlungsverpflichtungen reduziert, die sich bei Gesamtverbindlichkeiten in Höhe von 13 Mrd. USD (Ende Juni 2000) allein für das Jahr 2000 auf 3,6 Mrd. USD beziffern. Dennoch sind im Spätherbst des Jahres bilaterale Verhandlungen über ein neues IMF-Kreditprogramm vorgesehen, weil für den Haushalt 2001 IMF-Gelder in Höhe von 1,8 Mrd. USD eingeplant sind. Im Vergleich zum IMF sind die Beziehungen Rußlands zur Weltbank viel weniger von Reibungsverlusten geprägt, weil sich inzwischen 80% der Strukturreformkredite gut entwickelten und künftig sogar eine Quote von über 90% für möglich gehalten wird. Die Europäische Bank für Wiederaufbau und Entwicklung (EBRD) unterstreicht ihr Rußland-Engagement durch die Bereitstellung von Finanzkrediten für den russischen Energiesektor.
4. Die Augustkrise von 1998 hat zu empfindlichen Rückschlägen in den Wirtschaftsbeziehungen insbesondere zu den drei wichtigsten Außenwirtschaftspartnergruppen EU, GUS und Osteuropa geführt. Seit Beginn des Jahres 2000 gibt es zwar nicht nur wegen einer zunehmenden makroökonomischen Konsolidierung in Rußland, sondern auch wegen

vorläufig noch günstiger externer Rahmenbedingungen immer mehr Indizien dafür, daß der bisherige Abwärtstrend gestoppt und Wegmarken für eine neuerliche Belebung von Handel und Kooperation gesetzt werden. Doch ist nicht zu übersehen, daß die ihnen zugrunde liegenden außenwirtschaftspolitischen Konzepte und Zielansprachen nur bezüglich der EU klarer erkennbar sind, im Hinblick auf die GUS und Osteuropa eher den Eindruck einer unkoordinierten "Stop-and-go-Politik" vermitteln.

5. Bei ihren Bemühungen um eine stärkere Einbindung Rußlands in weltwirtschaftliche Institutionen richtet sich das Augenmerk der Putin-Administration vorrangig auf eine russische Mitgliedschaft in der Welthandelsorganisation. Dafür sind gleichermaßen politische und wirtschaftliche Beweggründe ausschlaggebend. Seit Beginn des vierstufigen Aufnahmeverfahrens am 17. Juli 1995 hat es wegen der Finanz- und Wirtschaftskrise wiederholt Rückschläge in den Verhandlungen gegeben. Zwar drängt die russische Regierung jetzt auf ihre Beschleunigung. Voraussetzung dafür wäre allerdings nicht nur der zügige Abbau der im Gefolge der Augustkrise von 1998 verfüigten hohen Importzölle und eine Reihe technischer Barrieren, sondern auch die Liberalisierung der Finanz-, Versicherungs- und Telekommunikationsmärkte sowie der Erlaß und die Implementierung von Gesetzen insbesondere zum Schutz des geistigen Eigentums, d.h. von Patenten und eingetragenen Markenzeichen.
6. Bei ihrem Antrag auf eine OECD-Mitgliedschaft im Mai 1996 hatte die russische Regierung darauf gehofft, daß sich in der internen Auseinandersetzung über die künftige Marschroute bei einer OECD-Erweiterung diejenigen politischen Kräfte durchsetzen würden, die nach dem "Major Player Approach" die OECD für solche Länder, wie z.B. Rußland, öffnen möchten, die als wichtige Zukunftsmärkte für Produkte aus dem OECD-Bereich gelten. Doch bislang ist diese Vorgehensweise von den "Puristen" verhindert worden, die auf einer strikten Erfüllung der streng marktwirtschaftlich orientierten Aufnahmekriterien bestehen. Dies bedeutet, daß die Zusammenarbeit zwischen Rußland und der OECD von dem im Mai 1997 eingerichteten "Liaison Committee" gesteuert wird. Wie lange Rußland auf dieser Stufe der Zusammenarbeit mit der OECD verharren muß, wird zum einen davon abhängen, ob es gelingt, die vereinbarten Inhalte des Arbeitsprogramms 2000 in praktische russische Regierungspolitik umzusetzen. Zum anderen müßte entschieden werden, ob die OECD-Mitglieder nach der Aufnahme der Slowakischen Republik Ende Juli 2000 den Erweiterungsprozeß fortsetzen oder zunächst ihr Augenmerk auf eine grundlegende Reform des Apparats und der Aufgabenstellung der OECD richten, weil diese Organisation gegenüber der WTO und dem IMF an Einfluß verloren hat.
7. Auf dem 25. Weltwirtschaftsgipfel in Okinawa (21.-23.7.2000) ist die Gruppe der sieben führenden westlichen Industriestaaten (G7) durch die volle Integration Rußlands endgültig zu einer Runde der G8 erweitert worden. Die neue Lage ist das Ergebnis einer politischen Metamorphose mit wechselnden Formelkompromissen – G7 plus 1; G7 plus Politische 8 (P8); G7/P8; Gipfel der Acht; G8 – seit 1991. Aus Moskauer Sicht bot die Mitwirkung Rußlands in der G7 bislang nicht nur die Möglichkeit, dieses Gremium mit

unterschiedlichem Erfolg für die Vergabe großzügiger Finanzhilfen des IWF bzw. der Weltbank zur Unterstützung des russischen Transformationsprozesses sowie für die beschleunigte Aufnahme des Landes in wichtige Organisationen der Weltwirtschaft (WTO/OECD) politisch zu instrumentalisieren, sondern auch den Verlust der Weltmachtrolle und die wirtschaftliche Schwäche des Landes durch formale Mitsprache des russischen Präsidenten in weltpolitischen Fragen partiell zu kaschieren. Noch ist nicht abzusehen, wie die Putin-Administration ihre künftige G8-Strategie definieren wird. Dennoch ist zu erwarten, daß Putin alles daran setzen wird, im Zuge einer fortschreitenden Konsolidierung der Gesamtsituation des Landes aus der Rolle des gefälligen G8-Mitspielers in die eines aktiven G8-Mitgestalters zu wechseln.

8. Der neue Aufwärtstrend im russischen Außenhandel aufgrund anhaltend günstiger externer Rahmenbedingungen vermag nicht die erheblichen strukturellen und operativen Probleme zu verdecken, in denen die gesamte russische Außenwirtschaftstätigkeit auch weiterhin steckt. Die russische Regierung sollte daher den eingeschlagenen Reformkurs konsequent und gradlinig fortsetzen. Nur auf diesem Weg hat Rußland dauerhaft eine Chance, der drohenden Marginalisierung in der Weltwirtschaft zu entgehen und zu einem strategischen Partner in den internationalen Wirtschaftsbeziehungen zu avancieren.

1. Introductory Observations

The official programme statements made¹ and the course pursued by the Putin Administration to date make it apparent that the objective of its foreign economic relations policy is to make Russia a reliable and calculable partner in international economic relations again, its reputation having been seriously tarnished by the financial and economic crisis of the summer of 1998. The endeavours to this end focus on achieving three tasks. Firstly, to establish the preconditions required for broad access to international capital markets, which is currently being denied. Secondly, to re-activate and, if possible, expand the country's trade and co-operation relations with its most important foreign economic relations partners and partner groups, which have been declining since the crisis. And thirdly, Moscow is eager to forge ahead with Russia's currently stagnating integration into the leading institutions of the global economy. The Russian Administration is under considerable pressure to take effective action, because the country's economic performance and competitiveness in an international comparison have been declining rapidly, not only relative to the western high-technology nations but also relative to the booming transforming states of Eastern and Central Europe. There is a clear danger that, if Russia's economic basis continues to weaken, its ability to play the international scene will be severely limited in the longer term. For this reason, it is not surprising that foreign policy, as its conceptual re-alignment² indicates, is now intended to make a significant contribution towards achieving these complex tasks of foreign economic relations policy.

1.1 Gaining access to international capital and to the capital markets

The crisis in August 1998 pushed Russia to the brink of insolvency.³ Since then, the Russian Administration has been applying a bundle of measures in an attempt to get out of this financial squeeze. The main focus of these efforts has been on arriving at specific arrangements with the country's private and public creditors in the West with a view to putting the servicing of the state's foreign debt on a new, sound foundation and, if possible, also to obtaining a reduction of its crippling debt burden. At the same time, the Administration is at pains to dismantle serious obstacles to investment in order to attract more foreign capital to Russia and to stem the alarming drain of capital to the West. And finally, it is continuing its talks with the IMF, the World Bank and the EBRD, with a view to securing

¹ Vladimir Putin: Russia at the Turn of the Millennium, in: <http://www.pravitelstvo.gov.ru/english>, download 3.1.2000; Russia's Development Strategy to the Year 2010 (Concept), in: <http://www.russianembassy.org/RUSSIA/Russia-2010.htm>, download 28.7.2000; Vladimir Putin's State of the Nation Address to the Federal Assembly "The State of Russia: A Way to an Effective State, in: <http://www.In.mid.ru/WEBSITE/BRP>, download 13.7.2000.

² Foreign Policy Concept of the Russian Federation – Approved by the President of the Russian Federation, V. Putin, June, 28, 2000 in: <http://www.In.mid.ru/WEBSITE/BRP>, download 13.7.2000.

³ Ognian Hishow: Die russische Außenschuld und der Interessenausgleich mit den europäischen Gläubigern, in: Rußland in Europa? Innere Entwicklungen und internationale Beziehungen – heute, hrsg. von Bundesinstitut für ostwissenschaftliche Studien (BIOst), Köln, Böhlau-Verlag, 2000, S. 169-179.

additional financial aid for the more rapid modernisation and restructuring of important sectors of the Russian economy.

1.1 New agreements with the Club of London and the Club of Paris

The strategy of selective debt servicing initially pursued by the Moscow Administration, i.e. temporarily suspending all repayments on debts inherited from the former USSR while attending as far as possible to the more recent obligations of the Russian Federation, made it urgently necessary to hold talks with its Western creditors on the re-scheduling of Russia's foreign debts. In this context, the Russian side's aim is to stretch the timetable for repayments and, if possible, even to have a part of its debt cancelled. In late July 1999, a first agreement was reached with the country's public creditors in the Club of Paris. This provided for repayments totalling 8.2 billion USD due in the years 1999 and 2000 in respect of inherited Soviet debts to be spread over 20 years with five payment-free years. The Russian Administration also agreed to make an advance payment of 600 million USD in re-scheduling interest and to pay a further amount of 500 million USD within the next five years. Within the framework of this agreement, details were to be negotiated with the creditors on a bilateral basis by March 2000.⁴ However, one such agreement with the Federal Republic of Germany which, at about 8 billion DM, concerned the largest individual share in the overall amount in question, was not concluded until July 2000. Although the external terms of trade of the Russian economy have been consistently improving since the autumn of 1999, thus widening the financial leeway available to the Russian Administration, in the first half of February 2000 it nevertheless succeeded in negotiating a remission of 36.5% (10.6 billion USD) of its inherited debt of around 32 billion USD with the private creditors of the Club of London and the restructuring of the remaining debt into Eurobonds. The first of these Eurobonds has a 30-year term with no interest or repayments in the first seven years, the second Eurobond with a terms of 10 years is to cover overdue interest payments. On completion of the conversion of the old obligations into the new Eurobonds, this agreement came into force at the end of August 2000. New rounds of talks with the Club of Paris are scheduled for late autumn of this year, because the 1999 agreement runs out at the end of the year. The Russian Administration is again speculating that the new arrangement on the servicing of its overall debt in the amount of around 42 billion USD will, like its agreement with the Club of London, likewise be linked with a partial remission. The German government sees no reason for this, especially in the light of the political backing given to Russia by the resolutions passed at the recent world economic summit in Okinawa. It points out that Russia's macroeconomic consolidation is proceeding on a broad scale and that its high foreign exchange revenues from energy and raw materials exports are bringing it enough financial resources to be able to service its debts. In the opinion of Russian Deputy Finance Minister Sergei Kolotukhin, this German position is not very convincing, because there is no reliable prognosis that the external background conditions that are currently so favourable for Russia will persist in the years to come.⁵ On

⁴ Deutsches Institut für Wirtschaftsforschung (DIW), Wochenbericht 15/2000: Rußlands Wirtschaftspolitik setzt auf Investitionen, in: <http://www.diw-berlin.de/diwwbd/00-15-1.html>, download 5.9.2000.

⁵ vwd-Rußland, 163, 24.8.2000, S. 2.

these grounds, Prime Minister Kasyanov is appealing to the members of the Club of Paris to conclude a new re-scheduling agreement with Russia before the end of the year 2001 to reduce the payments due during the present budget period. He backs up this appeal by pointing out that the Moscow Administration is under severe financial pressure due to a series of mishaps in the economy and society and, besides, is having to mobilise financial resources on a large scale for the urgently needed rehabilitation of the banking sector and for numerous other reform projects aimed at underpinning the incipient macroeconomic consolidation of the economy.⁶ For this reason, Russia could not afford to spend more than 2.5% of its gross domestic product per year on servicing its debts. It remains to be seen whether this offer of conditional debt servicing will be accepted by Russia's creditors, too, as a suitable basis for negotiation.

1.2 Incentives for more direct foreign investment and less capital exodus

In his millennium message, President Putin complained about the evident lack of international interest in direct investment in Russia. In actual fact, cumulative direct foreign investment up to the end of 1999 was, at 12.8 billion USD, remarkably low by comparison with investment in the more advanced transforming nations of Poland (38.9 billion USD), Hungary (20.5 billion USD) and the Czech Republic (16.2 billion USD). In terms of countries of origin, the USA is the largest investor at 4.541 billion USD (35.6%), followed by Cyprus (2.727 billion USD) and Germany (1,007 billion USD).⁷ The reasons for this poor capital attraction record are a bundle of well-known but serious obstacles to investment in the fields of tax legislation, customs checks, bureaucracy, banking, constitutionality and general uncertainty about the legal situation, factors which are also significantly impeding domestic investment activity. Putin sees the practical consequences of inadequate capital input as being not only obsolescence of the production facilities in Russia, only 5% of which have been in service for less than five years and over 70% for longer than 10 years, but also low productivity of processing industry, which attains at best 20-24% of U.S. productivity levels. According to the President, only 5% of Russian businesses are developing technical innovations. For this reason, it is not surprising that Russia plays no part in the world market for high-technology products of a non-military nature, in which it accounts for a share of only 1%, while the USA commands 36%.

In order to emerge from this position of economic backwardness uncomfortably close to the Third World, the Russian Administration is focusing its efforts under the terms of its new economic programme primarily on creating a favourable climate for investment, with the specific goal of significantly boosting the influx of foreign capital. A first important step in this direction is the new tax code passed by the Duma and the Federation Council in July 2000, the aims of which are to relieve the tax burden on profits and incomes as of 1st January 2001 and to make the tax system as a whole more transparent. For the foreign investor, this package of reforms with its major components – a uniform income tax rate of 13% with

⁶ Handelsblatt, 11.9.2000.

⁷ Meike Eckelt/Claudia Meurer: Exportieren nach Rußland, in: Bundesstelle für Außenhandelssinformation (bfai): Neue Publikationsreihe: Exportieren nach ..., Köln 2000, S. 56.

guaranteed tax-free allowances; a social tax of 36.5% in place of various contributions to social funds; a reduction in turnover tax from 4% to 1.5%; an increase in tax on profits from 30% to 35% but with more provisions for offsetting – all in all means more certainty for planning, especially since an assurance has been given that the new tax will remain unchanged for the next few years.⁸ More liberal tax laws are to be backed up by further administrative and legislative measures – e.g. simplification of the registration process, a better legal basis for direct investment – with a view to improving the investment climate in the long term. The restructuring of the ailing banking system will play a key role. In this context, the adoption of internationally accepted accounting standards, the obligation to publish annual financial statements and to safeguard savings accounts are intended to pave the way also for more funding of investment activities from domestic sources. And finally, the Kasyanov Administration is planning to revise the production-sharing legislation that governs all aspects of the foundation of joint ventures between foreign companies and Russian state enterprises in the petroleum and natural gas sector, which up to now have been only partly open to foreign investors.⁹ Four such agreements have been signed to date, concerning the oil projects Sakhalin 1 and 2, Kharyaginski and Samotior. For this instrument to attract more direct foreign investment into the raw materials sector, and more quickly, in future, the necessary approvals are to be issued by a production-sharing authority still to be set up and not, as up to now, subject to the prior consent of the Duma. Obviously in anticipation of the new economic course, which has been accompanied by increasingly favourable economic data, foreign investment rose to 4.78 billion USD in the first half of the year 2000, up just on 12% over the same period of the previous year. Of this amount, 2.27 billion USD was accounted for by the production sector, and here especially by foodstuffs, iron and steel, machine building, metallurgy and wood. Germany was the second-largest investor after the USA.¹⁰

Encouraged by this constellation, the Administration in Moscow is hoping on the one hand that Russian capital drainers will bring their money back to Russia, because it pays to invest in the Russian economy and deductions on profits made are low. On the other it expects that the trend towards unconstrained illegal capital exports that has been under way since the mid-90s will not continue but will be significantly reversed. On the basis of balance of payments data, a group of experts from the Russian Ministry of Finance has calculated a gross capital outflow of 24.2 billion USD (net: 22.9 billion USD) for 1999 alone. This represented 13% of the Russian GDP and is probably at best the lowest estimate.¹¹ The Administration's optimism contrasts with the scepticism of Russian economic experts who, like M. Delyagin, consider a reversal of the trend in the near future highly unlikely, despite increasing signs of economic recovery.¹²

⁸ vwd-Rußland, 153, 10.8.2000, S. 2.

⁹ vwd-Rußland, 156, 15.8.2000, S. 1.

¹⁰ vwd-Rußland, 169, 1.9.2000, S. 1.

¹¹ The Economist Intelligence Unit (EIU): Country Profile 2000 – Russia, London 2000, S. 44.

¹² *Ėkonomika i Zhizn*, No. 29 – Capital Flight Accelerates, Johnson's Russia List, Text 9, 25.7.2000.

1.3 Financial assistance from the IMF, World Bank and EBRD

Following the open outbreak of the financial and economic crisis in August 1998 the only way for the Russian Administration to access new financial assistance was via the international organisations. One of these is the IMF which, after much hesitation, granted Russia a credit of 4.5 billion USD towards the end of July 1999. This amount was to be paid out in seven tranches of 640 million USD each, and only if IMF controllers had previously confirmed the fulfilment of concrete conditions.¹³ After the first tranche had been paid out immediately after the signing of the agreement, the credit programme was de facto put on ice. The reasons for this were not only a succession of arguments on the implementation of the conditions for the loan, but also a series of demands for additional reforms subsequently entered by the IMF. As a result, the Russian Administration's relations with the IMF have since that time been largely reduced to meeting its ongoing obligations which, given an overall debt of about 13 billion USD (at the end of June 2000), amount to 3.6 billion USD for the year 2000 alone. Nevertheless, Moscow has not given up all hope of financial assistance from the IMF. The Russian Finance Minister Kudrin is planning with IMF credits in the amount of around 1.8 billion USD for the coming 2001 budget year and would thus like to commence negotiations with the IMF in late autumn on a new programme of co-operation.¹⁴

By comparison with the IMF, Russia's relations with the World Bank are much less plagued by friction losses. Since 1992, this organisation has promised the Russian Administration financial aid in the amount of 11 billion USD for 42 projects, although only about 6.5 billion USD of this amount has actually been paid out. More than 4 billion USD were used to replace budget funds for economic restructuring initiatives. A further 2 billion USD were made available as credits for various investment projects. The World Bank director for Russia, M. Carter, confirms that the World Bank's credit portfolio in Russia has improved significantly, because 80% of the loans were developing well and in future a ratio of over 90% was even conceivable.¹⁵ Accordingly, the last tranche, amounting to 250 million USD, of a credit for the restructuring of the social security system was released in mid-August 2000, the overall amount of which totalled 800 million USD.¹⁶ In mid-September 2000 the World Bank granted Russia credit guarantees for 200 million USD for the coal and forestry sectors. These guarantees are intended primarily to protect foreign investors against risks arising as a consequence of arbitrary actions by state authorities. 50 million USD each are initially dedicated to transactions in the two sectors. The disposition of the remaining 100 million USD is to be decided ad hoc.¹⁷ But even earlier, in the summer of 2000, initial bilateral talks were commenced on a new credit by the World Bank for the structural reform of the Russian economy.

¹³ Keith Bush: The Russian Economy in March 2000, in: Reiner Weichardt (Hrsg.): Economic Developments and Reforms in Cooperation Partner Countries: The Link between Economics, Security and Stability, NATO 2000, S. 152.

¹⁴ vwd-Rußland, 161, 22.8.2000, S. 1.

¹⁵ vwd-Rußland, 154, 11.8.2000, S. 1.

¹⁶ vwd-Rußland, 156, 15.8.2000, S. 2.

¹⁷ vwd-Rußland, 178, 13.9.2000, S. 1.

The EBRD constitutes a third path for the Russian Administration to access international financial aid. After the European Bank had already granted the oil company LUKoil a credit in the amount of 150 million USD in May 2000, it is now putting together a credit of 250 million USD for the Russian natural gas company Gazprom. Because the company is short of equity, the credit is to be used mainly to reconstruct the gas supply system and to modernise its extraction and transportation facilities.¹⁸

2. Expansion of trade and co-operation relations with important partner groups

The crisis of August 1998 led to severe setbacks in Russia's economic relations especially with its three most important foreign economy partner groups, the EU, the CIS and Eastern Europe. Although, since the beginning of the year 2000, more and more signs have been emerging that, thanks to increasing macroeconomic consolidation in Russia but also to continuing favourable external terms of trade, the downward trend has now come to an end and the stage is being set for a revival of trade and co-operation, it is nevertheless obvious that the underlying foreign-trade policies and goals are clear only with regard to the EU; as far as the CIS and Eastern Europe are concerned, the impression is more one of an uncoordinated "stop and go policy".

2.1 EU and specifically Germany

The regional structure of Russian foreign trade in 1999 showed that the EU was Russia's most important partner group in terms of both exports (33.5%) and imports (36.8%). Germany (10.8%) was foremost among all EU trading partners. When the East Central European countries have joined the EU, the EU's share of Russia's international trade will rise to over 50%. Moreover, businesses from the EU sector already account for 64% of direct foreign investment in Russia.

Accordingly, the document "Strategy for the development of relations between Russia and the EU in the medium-term perspective 2000-2010", which Putin personally presented to the participants at the EU summit on Russia held in Helsinki in October 1999, in response to the EU's new strategy towards Russia, emphatically re-affirms Moscow's intention to regard the EU as its foremost co-operation partner in future, too.¹⁹ The Administration considers this to be politically unproblematic, because the EU gives no indication of imperial aspirations of its own that could potentially curb Russia's freedom of action or influence. As far as Russia's interest in expanding political and economic co-operation is concerned, there are three sectors of primary importance. Firstly, the Russian Administration would like work together with the EU on preventing the development of new dividing lines at the eastern borders of the successively enlarging EU that could widen the normative and economic gap to the countries with no prospects of joining the EU. The worst case would be, as the Russian experts V. Baranovsky and A. Arbatov point out, the emergence of a constellation in which Russia

¹⁸ vwd-Rußland, 152, 9.8.2000, S. 1.

¹⁹ Heinz Timmermann: Rußlands Politik gegenüber der EU (II), Osteuropa, 50. Jg., 2000, Nr. 8, S. 894.

would be forced to trade as an isolated player, separated from all the other countries of the region.²⁰ For this reason, the Russian Administration is, secondly, keen to take advantage of the know-how of the EU and its members, especially Germany, in order to push forward incisive structural reforms in key sectors of the economy that would bring Russia into line with European codes and standards and make it a reliable and calculable regional co-operation partner. In this context the Russian Administration is, thirdly, hoping for more support from the EU for a rapid integration into the institutional mechanisms of the global economy (WTO/OECD).²¹ It will depend on the outcome of these various endeavours whether Russia manages not only to heave its economic co-operation to a level commensurate with its proximity to the EU markets, but also to organise it in new forms, such as a bilateral free trade area, as provided for in the bilateral partnership and co-operation agreement.

2.2 *The CIS*

Current Russian foreign policy designates the CIS as a most-favoured region in the political and strategic context. But this classification contrasts sharply with the shabby state of economic relations between Russia and the CIS, not only since the crisis of August 1998. This is due to political, economic, financial and institutional reasons on both sides.²² The leaders of the CIS countries see Russia's economic relations policy towards these countries primarily as a more or less cleverly disguised attempt to instrumentalize trade and economic co-operation to bring about a political re-alignment and to restore Russian economic control over the region along the old Soviet lines in the medium to long term. The profound differences in levels of development between the countries of the CIS and the numerous unresolved problems in their transformation to a market-economy system severely restrict the range of options available for broad-based co-operation. Worsening financial bottlenecks allow neither dependable processing of business transactions nor reliable servicing of mutual debts. The institutional mechanisms for steering and vitalising economic co-operation either exist on paper only, as in the case of the establishment of a free trade area planned for April 1994, or exhaust themselves in periodical but insubstantial flurries of activity. If the CIS again took second place among Russia's regional economic partners in 1999 with shares of 14.9% on the exports side and 27.6% on the imports side, this is due to the fact that Russia is not only a major supplier of raw materials and energy at preferential prices and usually on credit for many CIS countries, but also still serves as a good market for products from the CIS which, because of their low fabrication depth and technical sophistication would not be marketable elsewhere. That a slight upward trend was again recorded in the first half of 2000 is not

²⁰ Vladimir Baranowski/Alexej Arbatow: The Changing Security Perspective in Europe, in: Russia and the West. The 21st Century Security Environment, hrsg. von Alexej Arbatow/Karl Kaiser/Robert Legvold, Armonk/New York, M.E. Sharpe 1999, S. 52.

²¹ Christian Meier: EU-Rußland: Von pragmatischer Zusammenarbeit zu strategischer Partnerschaft?, in: Die Europäische Union als Akteur der Weltpolitik, hrsg. von Gisela Müller-Brandeck Bouquet und Klaus Schubert, Opladen, Leske-Verlag, 2000, S. 115.

²² Wladimir Korowkin: Rußland und die wirtschaftliche Integration der Gemeinschaft unabhängiger Staaten, in: Die Zukunft Rußlands – Staat und Gesellschaft nach der Transformationskrise, hrsg. von Peter W. Schulze und Hans-Joachim Spranger, Frankfurt, Campus-Verlag 2000, S. 347-360.

surprising, because for the most part it only made up for losses in previous years. As regards possible approaches to remedying this unsatisfactory constellation, the Putin Administration for the moment apparently intends to stick to its policy of "integration at different speeds and at different levels", in order to gain an understanding of the parameters for future economic co-operation within the CIS and with narrower, perhaps more viable groups such as the customs union comprising Russia, Belarus, Kazakhstan, Kyrgyzstan and Tadzhikistan. Particular attention is to be paid to further economic and financial harmonisation and integration in the proposed union between Russia and Belarus. This conceptual approach is at present not only inadequate. It could also be thwarted if, following the termination of the agreement with the CIS countries on freedom of travel, the Russian Administration were to further complicate the already difficult economic relations by introducing a visa requirement for all persons from the CIS sector.

2.3 *Eastern Europe*

The countries of East Central and South-East Europe (ECE/SEE) occupy third place among Russia's regional economic relations partners. In this instance, Russia's high energy and raw materials exports, which at 15.4% were higher than those to the CIS in 1999, contrast with relatively modest imports of foodstuffs and finished products from Eastern Europe, which amounted to only 7% in the same economic year.²³ The decline in Russian demand as a result of the crisis of August 1998 has caused more or less pronounced inroads into the growth of GDP in those countries, ranging from 0.3% in Slovenia and the Czech Republic via 0.7% in Poland to 1.5% in Estonia and Lithuania.²⁴ Moreover, Russia's economic relations with the countries of this region are significantly handicapped by political mistrust. This stems on the one hand from the fact that the Russian Administration regarded the foundation of the Central European Free Trade Area (CEFTA) in 1993 as a deliberate attempt to build up a "cordon sanitaire" to isolate Russia, not only because unfulfillable entry criteria denied Russia access to this organisation from the very beginning, but also because Russia's calls for an institutionalised dialogue and preferential treatment for Russian companies on the markets of the CEFTA member countries were rejected. On the other hand, the mistrust is due also to the fact that the ECE/SEE countries have shown little or no willingness to examine in detail Russian offers to conclude bilateral free trade agreements. The CEFTA members neither wanted to take the risk of their as yet instable market-economy systems being weakened by Russian partners, many of whom were acting within a dubious legal framework, nor to complicate their already difficult negotiations for membership of the EU still further by entering into precipitate agreements with Russia. It is therefore not surprising that the Russian Administration is now energetically insisting that not only the EU but also the ECE/SEE countries should respect its economic interests, because it fears that market access could be made even more difficult for its products. However, it would be more important for Moscow to establish the conditions necessary for the assumption of sounding-out talks with the EU on

²³ Russia: Foreign Economic Relations – Trends and Prospects, Quarterly Review, 5. Jg., 2000, Nr. 1, S. 9-10.

²⁴ Axel Brüggemann: Außenwirtschaftliche Probleme in Mittel- und Osteuropa bleiben trotz verbesserter Wachstumsaussichten, in: Institut für Wirtschaftsforschung Halle (IWH), 6. Jg, 2000, Nr. 1, S. 19.

creating a bilateral free trade area which would at the same time afford the opportunity to mitigate any possible adverse repercussions of ECE/SEE countries' joining the EU on Russia's economic relations with this region. Notwithstanding this, the new Russian Administration is attempting to exploit the inadequate energy and raw materials situation of some ECE countries like in the good old days of the CMEA by on the one hand binding these countries with long-term oil and natural gas supply contracts and on the other hand using them as transit stations for its energy exports to the EU sector in order, in the long term, to become independent from some CIS states, such as Ukraine, that are not able to pay their high energy bills and in some cases are just "helping themselves" to free supplies.²⁵

3. Reinforced efforts towards institutional integration into the global economy

Russia's latest endeavours to achieve stronger integration into global economic institutions are in principle looked upon favourably by the leaders of the Euro-Atlantic region, because these are themselves interested, for political and economic considerations, in intensifying their co-operation with Russia. However, this process is proving extremely difficult, because Russia's admission to the individual organisations or at least establishing a managed co-operative relationship with these institutions in many cases depends not only on the political intentions and decisions of their members but also on compliance with material pre-conditions which, because of conflicting interests, the Russian Administration has up to now been only inadequately able to fulfil.²⁶ The following institutions are particularly important in this context: WTO, OECD, G7.

3.1 WTO

The Putin Administration's interest in Russia becoming a member of the WTO is due to both political and economic motives. It wants to have a full voice on all important issues of international trade and not to have to follow rules and standards that have been drawn up with the participation of smaller CIS states such as Georgia and Kyrgyzstan, that are already members of the WTO. It also hopes that speedy negotiations for accession to the WTO will add incentive for more rapid implementation of its new economic strategy, which is intended to make the economic regime more coherent and calculable. A further assumption is that membership of the WTO will gradually facilitate access for Russian products to the international market, which up to now has been severely restricted by the existing system barriers, and put it on a more secure basis. And finally, the Administration sees membership of the WTO as affording the opportunity to create a reliable framework for settling trade disputes in which Russia is permanently involved because of constant charges of dumping practices.

²⁵ Christian Meier: Rußland und die regionale Wirtschaftskooperation in Europa, in: Rußland in Europa? Innere Entwicklungen und internationale Beziehungen – heute, hrsg. von Bundesinstitut für ostwissenschaftliche Studien (BIOst), Köln, Böhlau-Verlag, 2000, S. 194-195.

²⁶ Hans-Hermann Höhmann/Christian Meier: Conceptual, Internal, and International Aspects of Russia's Economic Security, in: Russia and the West. The 21st Century Security Environment, hrsg. von Alexej Arbatow/Karl Kaiser/Robert Legvold, Armonk/New York, M.E. Sharpe 1999, S. 90.

As far as Russia's quest for membership of the WTO to date is concerned, its application to join the WTO dates back to June 1993. That same month a working group consisting of 54 WTO members, including the EU, the USA, Canada and Japan, was set up. It first conducted a hearing procedure on the basis of a Russian memorandum on the then valid foreign trade regime of March 1994. The four-stage admission procedure was officially opened on 17 July 1995 at the recommendation of the working group.²⁷

In the first stage, known as the "fact finding stage", the Russian Administration was not only asked for written information on how its foreign-trade regime complies with WTO standards but was also called upon to introduce WTO-conforming regulations in all areas where they are urgently necessary. Because of disagreements within the Administration, it took until February 1998 before the Russian delegates were able to submit to the working group a package containing proposals for the configuration of a customs policy which, however, was rejected as inadequate. Parallel to the still ongoing fact-finding stage, the admission process went into the second stage, in which talks started within a bi- and multilateral framework on the terms and conditions of Russia's potential accession. However, the dramatic financial and economic crisis in Russia as of August 1998 forced a protracted interruption of the contacts. It was not until March 2000 that the Russian delegation submitted a new, improved and extended package of customs proposals,²⁸ which have been the subject of deliberations since the end of May 2000.

The third stage, submission of a detailed treaty wording and its approval by all participants, and the fourth stage, Russia's formal acceptance into the WTO, are hardly likely before the end of 2002 or perhaps even later, although Putin's economic adviser, A. Illarionov, is pushing to accelerate the accession talks, which he assigns top priority. However, this would require not only the rapid reduction of the high import duties imposed in the wake of the crisis of August 1998 and the lifting of a number of technical barriers, but also the liberalisation of the financial, insurance and telecommunications markets and the passing and implementation of laws especially to protect intellectual property rights, i.e. patents and registered trade marks.²⁹

3.2 OECD

As in the case of its efforts to secure membership of the WTO, the Moscow Administration is pursuing admission to the OECD in order to gain recognition for the Russian economy as a fully functional market economy, with favourable consequences in terms of international financial and economic co-operation opportunities. At the time it applied for membership in May 1996, the Administration had hoped that the ongoing debate within the OECD about the future direction of the organisation's expansion would be won by those political forces that, in what is referred to as the "Major Player Approach", would like to open up the OECD for

²⁷ Peter Milthorpe, Integration of FSU/economies in transition into the World Trade Organization, in: *Economics of Transition*, 1/1997, S. 217-218.

²⁸ Anthony Vier: The Progress and Prospects for Russian Accession to the World Trade Organization (WTO), in: <http://www.home.austin.r.r.com/anthonywier/wtorussia.htm>, download 28.7.2000.

²⁹ P. Simonitsch, Rußland noch lange vor der Tür – Aufnahme in die WTO ist auf absehbare Zeit nicht in Sicht, in: *Frankfurter Rundschau*, 4.7.2000.

countries such as Russia that are regarded as important future markets for products from the OECD area.³⁰ However, this approach has up to now been thwarted by the "purists", who insist on strict compliance with the stiff market-economy-orientated criteria for admission. This means that co-operation between Russia and the OECD is being steered by the Liaison Committee set up in May 1997. The purpose of this committee is to monitor and push forward the implementation of concrete annual work programmes for a consistent market-economy transformation of the country within the terms of reference of the overall programme for Russia. The Russian Administration is also able at any time to take part in and use the expertise of more than 20 OECD committees. How long Russia has to spend at this level of co-operation with the OECD will depend on the one hand on whether it manages to put the agreed contents of the Work Programme 2000 in 25 sectors, including e.g. tax legislation and fiscal administration, competition policy, corporate governance, foreign investment, the reform of the financial and banking systems, into practice in government policy and thus to come closer to fulfilling the criteria for membership of the OECD and its two special-purpose organisations, the International Energy Agency (IEA) and the Nuclear Energy agency (NEA).³¹ On the other hand, another decisive factor will be whether, after the admission of the Slovak Republic in late July 2000, the OECD members will continue the enlargement process or will first turn their attention to a fundamental reform of the OECD's apparatus and mission, because the organisation has been losing influence by comparison with the WTO and the IMF.³²

3.3 G7/G8

At the 25th world economic summit in Okinawa (21-23.7.2000), the group of seven leading Western industrial countries (G7) was definitively enlarged into the G8 by the full integration of Russia. President Putin was the first representative of his country also to take part in most of the economic-policy talks. In future, Russia is no longer to be excluded from G7 discussions concerned exclusively with financial issues.³³ This new situation is the outcome of a political metamorphosis via various compromise formulas – G7 plus 1; G7 plus political 8 (P8); G7/P8; Summit of the Eight; G8 – since 1991.³⁴ From Moscow's perspective, Russia's participation in the G7 to date has offered not only the opportunity to instrumentalize this body politically with varying degrees of success to obtain generous financial aid from the IMF and the World Bank in support of the Russian transformation process and to accelerate the country's admission to important organisations of the global economy (WTO/OECD), but also to gloss over the economic weakness of the country and the loss of its superpower status by pointing to the formal involvement of the Russian President in world political affairs.

³⁰ Jean-Pierre Tuveri, The Integration of NATO Partner Countries into Pan-European Economic Structures, in: Conference-Paper at NATO-Colloquium, Brussels, June 25-27, 1997.

³¹ OECD-Annual Report 2000, in: <http://www.oecd.org>, download 14.9.2000.

³² Gerald Braunberger: Die OECD muß reformiert werden, in: FAZ, 29.8.2000, S. 11.

³³ Handelsblatt, 24.7.2000.

³⁴ Hans-Hermann Höhmann/Christian Meier, Russia, "Summit of the Eight" and International Organisations", in: German Foreign Affairs Review, IV/1997, S. 335-345.

It remains to be seen how the Putin Administration will define its future strategy on the G8. Despite its formal equality with the other members of the G8, its possibilities for participation remain limited de facto in certain sectors. This applies e.g. to the latest G8 proposal to convoke a new round of world trade talks before the end of 2000, at which, if it materialises, Russia as a non-member of the WTO would be restricted to observer status only. Nevertheless, it is to be expected that Putin will do his utmost, as the consolidation of his country's overall situation progresses, to change roles from that of a complaisant co-player to one of an active co-shaper of the G8.

4. Prospects

The continuing favourable external terms of trade, high prices for energy on the world market and a USD exchange rate that is stable at a high level will in all probability generate considerable growth in foreign trade in 2001 which, even without allowance for non-organised "shuttle trade", could be around 30% higher than the previous year's turnover of 103.9 billion USD and result in a balance of trade surplus of well over 40 billion USD. From the perspective of the crisis of August 1998, this could certainly be seen as a gratifying result. But it cannot conceal the serious structural and operative problems in which Russia's entire foreign economic activity is still wallowing. For this reason, the Moscow Administration should take this new upward trend as a strong incentive to continue consistently and unwaveringly along the reform course upon which it has now embarked and should not let itself be discouraged by difficulties that arise as a consequence of inevitable conflicts of interests, because there is no way that the errors and omissions of the nineties can be eliminated or remedied in a mad gallop. This is the only chance for Russia to escape being marginalised in the global economy and to advance in the long term to a strategic partner in international economic relations.

Christian Meier

**Russia under Putin:
Foreign Economic Relations Policy up for Re-shaping?**

Bericht des BIOst Nr. 28/2000

Summary

Introductory Observations

The official programme statements made and the course pursued by the Putin Administration to date make it apparent that the objective of its foreign economic relations policy is to make Russia a reliable and calculable partner in international economic relations again, its reputation having been seriously tarnished by the financial and economic crisis of the summer of 1998. The endeavours to this end focus on achieving three tasks. Firstly, to establish the preconditions required for broad access to international capital markets, which is currently being denied. Secondly, to re-activate and, if possible, expand the country's trade and co-operation relations with its most important partners and partner groups, which have been declining since the crisis. And thirdly, Moscow is eager to forge ahead with Russia's currently stagnating integration into the leading institutions of the global economy. In the present report the author examines the implementation of these tasks and thereby outlines the main obvious relevant problems and conceptual deficits, which the Putin Administration has to overcome in order to let advance Russia to a strategic partner in international economic relations.

Findings

1. As far as gaining access to international capital and to the capital markets is concerned, the main focus of the Russian government's endeavours has been on arriving at specific arrangements with the country's private and public creditors in the West with a view to putting the servicing of the state's foreign debt on a new, sound foundation and, if possible, also to obtaining a reduction of its crippling debt burden. In late July 1999, a first agreement was reached with the country's public creditors in the Club of Paris. This provided for repayments totalling 8.2 billion USD due in the years 1999 and 2000 in respect of inherited Soviet debts to be spread over 20 years with five payment-free years. Although the external terms of trade of the Russian economy have been consistently improving since the autumn of 1999, thus widening the financial leeway available to the Russian government, in the first half of February 2000 it nevertheless succeeded in negotiating a remission of 36.5% (10.6 billion USD) of its inherited debt of around 32 billion USD with the private creditors of the Club of London and the restructuring of the remaining debt to Eurobonds. This agreement came into force at the end of August 2000. New rounds of talks with the

Club of Paris are scheduled for late autumn of this year, because the 1999 agreement runs out at the end of the year. The Russian government is again speculating that the new agreement on the servicing of its overall debt in the amount of 42 billion USD will, like its agreement with the Club of London, likewise be linked with a partial remission. The German government sees no reason for this, especially in the light of the political backing by the resolutions passed at the recent world economic summit in Okinawa.

2. Under the terms of its new economic programme the Russian government wants to forge ahead with its efforts to create a favourable climate for investment with the specific goal of significantly boosting the influx of foreign capital. A first important step in this direction is the new tax code passed in July 2000, which in all means is to give more certainty of planning to foreign investors. More liberal tax laws are to be backed up by further administrative and legislative measures. The restructuring of the ailing banking system will play a key role. And finally, the Russian government is planning to revise the production-sharing legislation that governs all aspects of the foundation of joint ventures between foreign companies and Russian state enterprises in the petroleum and natural gas sector, which up to now have been only partly open to foreign investors. Encouraged by this constellation, the Putin Administration expects that the trend towards unconstrained illegal capital exports that has been under way since the mid-90s will not continue but will be significantly reversed.
3. Following the economic and financial crisis in August 1998 the only way for the Russian government to access new financial assistance was via the international organisations. After the disbursement of the first tranche (640 million USD) of an IMF-credit of 4.5 billion USD the credit programme was de facto put on ice because of fierce disputes on the implementation of credit-conditions. As a result, the Russian government's relations with the IMF have since that time largely reduced to meeting ongoing obligations which, given an overall debt of about 13 billion USD (at the end of June 2000), amount to 3.6 billion USD for the year 2000 alone. Nevertheless, negotiations with the IMF on a new credit-programme are to be commenced in late autumn because the Russian Finance Minister Kudrin is planning with IMF credits in the amount of 1.8 billion USD for the coming 2001 budget year. By comparison with the IMF, Russia's relations with the World Bank are much less plagued by friction losses, because in the meantime 80% of the loans for economic and social restructuring are developing well and in future a ratio of 90% will even be conceivable. The European Bank for Reconstruction and Development (EBRD) does stress its engagement in Russia by providing financial credits for the Russian energy sector.
4. The crisis of August 1998 led to severe setbacks in Russia's economic relations especially with its three most important foreign economic partner groups, the EU, the CIS and Eastern Europe. Although, since the beginning of 2000, more and more signs have been emerging that, thanks to increasing macroeconomic consolidation in Russia but also to continuing favourable external terms of trade, the downward trend has come to an end and the stage is being set for a revival of trade and co-operation, it is nevertheless obvious that

the underlying foreign trade policies and goals are clear only with regard to the EU; as far as the CIS and Eastern Europe are concerned, the impression is more one of an uncoordinated "stop and go policy".

5. Russia's latest endeavors to achieve stronger integration into global economic institutions are primarily focused on full membership in WTO. The interest of the Putin Administration is due to both political and economic motives. Since the opening of the four-stage admission procedure on July 17, 1995, there have been several setbacks in the accession talks which the Russian government urgently wants to accelerate. However, this would require not only the rapid reduction of the high import duties imposed in the wake of the crisis of August 1998 and the lifting of a number of technical barriers, but also the liberalisation of the financial, insurance and telecommunication markets and the passing and implementation of laws especially to protect intellectual property rights, i.e. patents and registered trade marks.
6. At the time it applied for OECD-membership in May 1996, the Russian government had hoped that the ongoing debate within the OECD about the future direction of the organisation's expansion would be won by those political forces that, in what is referred to as the "Major Player Approach", would like to open up the OECD for countries such as Russia that are regarded as important future markets for products from the OECD area. However, this approach has up to now been thwarted by the "purists", who insist on strict compliance with the stiff market-economy-oriented criteria for admission. This means that co-operation between Russia and the OECD is being steered by the "Liason Committee" set up in May 1997. How long Russia has to spend at this level of co-operation with the OECD will depend on the one hand on whether it manages to put the agreed contents of the Work Programme 2000 into practice in government policy. On the other hand, another decisive factor will be whether, after the admission of the Slovak Republic in late July 2000, the OECD members will continue the enlargement process or will first turn their attention to a fundamental reform of the OECD's apparatus and mission, because the organisation has been losing influence by comparison with the WTO and the IMF.
7. At the 25th world economic summit in Okinawa (July 21-23, 2000), the group of seven leading Western industrial countries (G7) was definitely enlarged into G8 by the full integration of Russia. This new situation is the outcome of a political metamorphosis via various compromise formulas – G7 plus 1; G7 plus Political 8 (P8); G7/G8; Summit of the Eight; G8 – since 1991. From Moscow's perspective, Russia's participation in the G7 to date has offered not only the opportunity to instrumentalize this body politically with varying degrees of success to obtain generous financial aid from the IMF and the World Bank in support of the Russian transformation process and to accelerate the country's admission to important organisations of the global economy (WTO/OECD), but also to gloss over the economic weakness of the country and the loss of its superpower status by pointing to the formal involvement of the Russian President in world political affairs. It remains to be seen how the Putin Administration will define its future strategy on the G8. Yet it is to be expected that Putin will do his utmost, as the consolidation of his country's

overall situation progresses, to change roles from that of a complaisant co-player to one of an active co-shaper of the G8.

8. The new upward trend in Russian foreign trade due to continuing favourable external terms of trade cannot conceal the serious structural and operational problems in which Russia's entire foreign economic activity is still wallowing. For this reason the Russian government should continue consistently and unwaveringly along the reform course. This is the only chance for Russia to escape being marginalised in the global economy and to advance in the long term to a strategic partner in international economic relations.